

MULTIMEDIA



UNIVERSITY®

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017 / 2018

PAT0074 – INTRODUCTION TO FINANCIAL ACCOUNTING (All sections)

5 MARCH 2018
9.00 AM – 11.00 AM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **FIVE** questions only.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Write your answers in the Answer Booklet.

STRUCTURED QUESTIONS [100 MARKS]

Instructions: Answer ALL questions. Write your answers in the Answer Booklet.

QUESTION 1

A business provides depreciation for its vehicle at 20% per annum on cost. It charges for a full year depreciation in the year of purchase. There is no provision made in the year of sale or disposal. Financial statement is prepared for the year ending 31 December 2015 and 2016. You are provided with the following information.

2015	
Jan 2	Bought vehicle A RM8,000
March 10	Bought vehicle B RM7,000
May 13	Bought vehicle C RM6,000
August 20	Sold vehicle A – proceeds RM6,500 (Assume full year depreciation for Vehicle A in 2015)
Sept 12	Bought vehicle D RM10,000
2016	
March 4	Sold vehicle B - proceeds RM4,000
April 16	Bought vehicle E RM11,000

REQUIRED

Record all the above transactions and balance off the account on 31 December 2015 and 2016:

- a) Vehicle Account (7.5 marks)
- b) Accumulated provision for Depreciation of Vehicle Account (5.5 marks)
- c) Disposal of Vehicle Account. (7 marks)

[TOTAL 20 MARKS]

QUESTION 2

The Mint Community Club had prepared the Receipts and Payments Account for the year ending 31 December 2016.

Receipts	RM	Payments	RM
Balance at bank 1/1/16	12,510	Cleaning expenses	550
Subscriptions received for Year 2015	250	Salaries	1,200
2016	7,130	Repairs services	930
2017	200	Transport cost	430
Interest received	150	Balance at bank 31/12/16	19,880
Donation received	1,500		
Rent received	1,250		
	22,990		22,990

Continued...

The following information was also provided:

1. The values of the non-current assets on 1st January 2016 were as follows:

	Cost (RM)	Net book value (RM)
Furniture	60,000	35,000
Building	4,000	2,000
Equipment	4,000	2,550

2. The current assets and liabilities were as follows:

	1/1/16 (RM)	31/12/16 (RM)
Accrued cleaning expenses	20	30
Subscription in arrears	250	150
Prepaid salaries	150	100

3. All non-current assets were depreciated at 10% per annum using the reducing balance method.

REQUIRED

- a) Prepare a Subscription Account. (7 marks)
 b) Prepare an Income and Expenditure Account for the year ending 31 December 2016. (13 marks)

[TOTAL 20 MARKS]

QUESTION 3

Cathy and John are in a partnership. The capital balance for Cathy is RM250,000 and John, RM320,000 for the year ending 31 July 2016. The net profit before any adjustments is RM150,000.

The adjustments needed on 31 July 2016 are as follows:

- i. Reduce allowance for doubtful debts by RM450.
- ii. Prepaid expenses RM650.
- iii. Bad debts written off RM500.
- iv. Unearned revenues RM800.
- v. Cathy and John are entitled for 8% of interest in capital.
- vi. Salary received by Cathy and John are RM8,000 and RM10,000 respectively.
- vii. Cash drawings made by each of them is RM5,000 during the year.
- viii. Interest on drawings is charged at 10%.
- ix. They share profit & loss of 3:2.

REQUIRED

Prepare Profit & Loss Appropriation Account for the year ending 31 July 2016 by showing how the net profit is being shared between partners.

[TOTAL 20 MARKS]

Continued...

QUESTION 4

Part A

Thunder Sdn. Bhd. started business on 1st January 2014. The company issued 250,000 ordinary shares of RM1 each and 150,000 10% preference shares of RM1 each.

You are given the following additional information:

- i) Net profits were: RM85,350 (Year 2015); RM90,200 (Year 2016)
- ii) Preference dividend were paid in Year 2015 and 2016.
- iii) Ordinary dividend was paid in Year 2016: 10%.
- iv) Transfers to general reserves were RM15,000 (Year 2015) and RM25,000 (Year 2016).

REQUIRED

Prepare Statement of Changes in Equity for the year ending 31 December 2015 and 2016.

(8 marks)

Part B

Rose Sdn. Bhd. has 1,500,000 shares of RM0.50 each. 400,000 shares were issued to the public and fully subscribed. RM0.40 per share were called up and the amount called up was received except for 20,000 shares.

REQUIRED

Calculate the following categories of capital.

- | | |
|-----------------------|-------------|
| a) Authorised capital | (1.5 marks) |
| b) Issued capital | (1.5 marks) |
| c) Unissued capital | (2 marks) |
| d) Called up capital | (1.5 marks) |
| e) Uncalled capital | (2 marks) |
| f) Paid up capital | (2 marks) |
| g) Calls in arrears | (1.5 marks) |

[TOTAL 20 MARKS]

QUESTION 5

Part A

For each of the following activities, indicate whether it causes either cash inflow or cash outflow, and state in which category of the statement of cash flow (operating, investing or financing) will be recorded.

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No	Detail	Cash inflow or outflow	Cash flow activities
	Example: Collection of accounts receivable	Inflow	Operating
1	Sale of company shares		
2	Purchase of fixed asset		
3	Commission received		
4	Cash paid to suppliers		
5	Proceeds from issuing stock		

(10 marks)

Part B

The following financial statements were provided by Gorilla Sdn. Bhd.

Gorilla Sdn. Bhd.

Statement of Profit & Loss Account for the year ending 31 December 2016

	RM
Sales	450,000
Sales return	20,000
NET SALES	430,000
Cost of goods sold	(200,000)
Gross profit	230,000
Other income	15,000
Total expenses	105,000
NET PROFIT	140,000

Gorilla Sdn. Bhd.

Statement of Financial Position as at 31 December 2016

	RM
Assets	
Non-current assets	850,000
Accounts receivables	230,000
Cash	100,000
Inventory	80,000
TOTAL ASSETS	1,260,000
Liabilities	
Non-current liabilities	600,000
Current liabilities	350,000
TOTAL LIABILITIES	950,000
Shareholders' equity	
Shares capital	300,000
Retained earnings	10,000
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	1,260,000

Continued...

REQUIRED

Calculate the following ratios.

- | | | |
|----|--------------------------------------|-----------|
| a) | Return on shareholders' funds (ROSF) | (2 marks) |
| b) | Net profit as percentage of sales | (2 marks) |
| c) | Acid-test ratio | (2 marks) |
| d) | Current ratio | (2 marks) |
| e) | Accounts receivable/ sales ratio | (2 marks) |

[TOTAL 20 MARKS]

End of Paper